

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

May 11, 2009
6:00 p.m.

Council Conference Room 1E-113
Bellevue, Washington

PRESENT: Mayor Degginger, Deputy Mayor Balducci, and Councilmembers Bonincontri, Chelminiak, Davidson, Lee, and Noble

ABSENT: None.

1. Recess to view King County Metro Rapid Ride Bus

[See below]

2. Executive Session

Deputy Mayor Balducci called the meeting to order at 6:00 pm., and announced recess to Executive Session for approximately 10 minutes to address one item of property acquisition. Upon completion of the Executive Session, the Council will recess for approximately 20 additional minutes to view a King County Metro Rapid Ride bus. The bus is in the City Hall parking lot, and members of the audience are welcome to tour the bus as well.

The meeting reconvened at 6:28 p.m., with Mayor Degginger presiding.

3. Oral Communications

- (a) Bill Hirt spoke regarding Sound Transit East Link, stating his opposition and describing what he sees as flaws in the project plans. He suggested that a better alternative to light rail across the lake on I-90 would be to add cross-bridge bus service every three minutes.
- (b) Chris Moie, representing the owners of the property at 2211 156th Avenue NE, spoke to Land Use Code section 20.250.035 regarding catalyst projects for the Bel-Red area. He briefly reviewed proposed revisions to the definitions of developer funded infrastructure and construction value with regard to area-wide infrastructure for non-municipal utilities. Mr. Moie submitted his proposed revisions in writing as well.

- (c) Ian Elliott encouraged the Council to add a beginners bowl skateboard park at Ashwood Park. He submitted a petition of approximately 100 signatures in support of a new skateboard park.

Deputy Mayor Balducci asked Parks staff to contact Mr. Elliott regarding the process for making decisions about Ashwood Park. She would like to be able to see him direct his energy in the most efficient way in advocating for the skateboard park.

- (d) Ralph Guditiz spoke regarding his property on Lake Sammamish and his building permit application. Due to the economy, the City of Seattle and other jurisdictions are allowing applicants to put their permits on hold. Mr. Guditiz encouraged the City of Bellevue to implement the same practice.
- (e) Walter Scott, Legacy Corporation, spoke regarding the Pella Windows building in the Bel-Red corridor. He noted that his request for a zoning revision from BR-R to BR-RC was rejected. He commented that the \$150,000 threshold for alterations to existing development is low. Mr. Scott also commented that the 10,000 square foot limit under BR-R zoning is too small to allow many uses including drugstores, hardware stores, professional services (e.g., H&R Block), and health clubs.
- (f) Joe Rosmann, Surrey Downs East Link Committee, spoke regarding the light rail project and encouraged further consideration of the B7 alignment option. He explained that committee members met last week with City staff, who were favorable to the concept proposed by Mr. Rosmann and the committee.
- (g) Charles Klinge, representing Dave Robertson/Robertson Development, commented on the Bel-Red Land Use Code amendments. He asked the Council to take a closer look at the \$150,000 alterations threshold that triggers proportional compliance requirements for existing uses to provide landscaping and parking improvements. He proposed that interior tenant improvements be exempt from the threshold requirement, as they are in the downtown.
- (h) James Starlin advocated for a skateboard park in Ashwood Park in downtown Bellevue.

4. Study Session

- (a) Council Business and New Initiatives

- (1) Reappointment of Transportation Commission Member

- Councilmember Lee moved to reappoint Joel Glass to a second term on the Transportation Commission, and Deputy Mayor Balducci seconded the motion.
- The motion to reappoint Joel Glass to the Transportation Commission carried by a vote of 7-0.

Councilmember Noble referred to comments during Oral Communications indicating that other jurisdictions are allowing building permits to be put on hold due to the difficult economic conditions. He questioned whether this would be an appropriate approach for Bellevue.

City Manager Steve Sarkozy said staff is reviewing options such as this and will report to the Council over the coming weeks. While some cities have adopted this practice, staff does not believe it is widespread.

Responding to Deputy Mayor Balducci, Deputy City Manager Brad Miyake said the issue of abandoned shopping carts is set for Council discussion on June 1.

- Deputy Mayor Balducci moved to amend the agenda to add item 4(f), Resolution No. 7926 regarding the purchase and sale agreement for the Safeway Mid-Mountain property. Councilmember Chelminiak seconded the motion.
- The motion to amend the agenda carried by a vote of 7-0.

(b) City Manager's Report

(1) Response to Sound Transit East Link B7 Proposal

City Manager Sarkozy opened discussion regarding the proposal related to light rail alignment through Bellevue, which was addressed by Mr. Rosmann during Oral Communications. The Surrey Downs East Link Committee proposes an elevated station and park and ride facility on I-405 at SE 8th Street. Mr. Sarkozy said there are significant issues and challenges regarding the proposal. He recommends referral to Sound Transit for its design and engineering review and response. Mr. Sarkozy thanked residents for submitting the proposal.

Councilmember Davidson noted that an alternate, favorably considered proposal constructs a four-level park and ride facility over wetlands at the south end of Bellevue Way. However, the proposal submitted by Surrey Downs residents has minimal impact on wetlands.

Mr. Sarkozy clarified that the proposal is likely feasible from a construction perspective. However the costs would be significant, as identified in the geotechnical report.

Councilmember Chelminiak commented that the geotechnical report appears to have been created for the Surrey Downs homeowners association and the Bellevue Athletic Club. He noted that the Council supports the B3 alternative. Council was not opposed to the B7 option but had concerns related to the feasibility of a light rail station and park and ride lot at SE 8th Street. He commended residents for coming forward with their proposal, and opined that referring the matter to Sound Transit for consideration is the appropriate response.

Councilmember Noble stated his impression that the report by City staff identified issues and potential challenges, but could not and did not provide an in-depth analysis of the proposal.

While the selection of an alternative will be made by Sound Transit, Mr. Noble expressed concern that silence on the part of the City could be misread as a lack of interest or support. He suggested sending a letter encouraging Sound Transit to properly study the proposed alternative.

Councilmember Lee concurred with Mr. Noble's suggested approach to refer the proposal to Sound Transit.

Deputy Mayor Balducci noted that the Sound Transit Board is scheduled to identify an alternative at its meeting this week. She is not opposed to submitting a letter, and suggested that the City's preliminary analysis be submitted as well.

Councilmember Noble clarified that his proposal is to send a letter but not the staff memorandum because the City's analysis was preliminary in nature. He suggests merely submitting the proposal for Sound Transit's consideration.

Deputy Mayor Balducci reiterated her suggestion to submit the report by City staff, even though the analysis conducted was preliminary.

Mayor Degginger said it is always challenging when the Council is presented with information late in a decision making or planning process. He concurs with submitting City staff's analysis to Sound Transit, as additional information for their consideration.

Referring to staff's concern that single-lane access to the park and ride facility under the B7 option would back up traffic onto I-405, Councilmember Davidson noted the single-lane access to the South Bellevue park and ride facility on Bellevue Way SE. He would like to see further study and supports the suggestion to submit the proposed alternative to Sound Transit for consideration.

Responding to Councilmember Chelminiak, Councilmember Noble suggested that the letter indicate that the City received the proposal from residents late in the planning process and it has not been subjected to formal engineering review. However, the Council finds the proposal to be interesting and requests that Sound Transit consider it further. Mr. Noble reiterated that he disagrees with enclosing staff's management brief [Provided in Desk Packet], due to the preliminary nature of staff's review.

Councilmember Chelminiak noted that the Bellevue Athletic Club and Surrey Downs East Link Committee have submitted their proposal to Sound Transit. With the Sound Transit Board slated to formalize its recommendations this week, Mr. Chelminiak is not sure there would be any benefit from the Council's sending a letter.

Councilmember Bonincontri stated her understanding that Councilmember Noble's idea is to simply acknowledge receipt of the proposal and to communicate that the Council finds it interesting. She supports this approach.

Mayor Degginger summarized the Council's interest in transmitting the proposal to the Sound Transit Board, which has already received it, and asking the Board to consider the information.

Dr. Davidson opined that the proposed alternative deserves further study.

Councilmember Noble observed that while the Sound Transit Board is expected to identify a preferred alternative this week, that does not mean that other alternatives such as B7 will not be moved forward for further study during the final environmental impact statement (EIS) process.

Councilmember Lee concurred with this line of reasoning.

- Councilmember Noble moved to send a letter to the Sound Transit Board acknowledging receipt of the alternate B7 proposal and transmitting it for their consideration. Councilmember Lee seconded the motion.

Responding to Mayor Degginger, Mr. Noble confirmed that the motion does not include sending staff's preliminary analysis and response to the proposal.

- The motion carried by a vote of 7-0.

Councilmember Noble inquired as to the status of a letter that was to go to Sound Transit regarding light rail alignment through Downtown Bellevue. Mayor Degginger said the letter has not been sent because the Council had not reached a consensus.

- Councilmember Noble moved to send the letter regarding light rail alignment through Downtown Bellevue to the Sound Transit Board. Councilmember Chelminiak seconded the motion.

Mr. Noble feels it is critical to transmit the letter before the Sound Transit Board meeting on Thursday.

Mayor Degginger noted a consensus to recirculate the letter for Council review.

(2) De-Annexation Proposal from the town of Beaux Arts Village

City Manager Sarkozy provided a brief overview of the proposal by Beaux Arts Village to de-annex to the City of Bellevue a portion of the 108th Avenue SE right-of-way currently located within the town of Beaux Arts. He referred the Council to the management brief beginning on page 4-3 of the meeting packet for additional details. The de-annexation will allow Bellevue to construct and maintain a planned pedestrian and bicycle capital improvement project entirely within its jurisdiction.

Responding to Deputy Mayor Balducci, Transportation Director Goran Sparrman explained that the City of Bellevue has been maintaining the roadway, so there is no fiscal impact associated

with annexing the ROW. The pedestrian and bicycle project will address current drainage problems along the roadway.

Mayor Degginger noted a Council consensus to proceed with the annexation.

Responding to Councilmember Davidson, Mr. Sparrman said Beaux Arts Village is in favor of the action.

Mayor Degginger noted a consensus to send the proposed letter to Beaux Arts [Page 4-7 of meeting packet].

(c) Bellevue Philharmonic Orchestra Funding Request

City Attorney Lori Riordan recalled previous discussions regarding the emergency funding request from the Bellevue Philharmonic Orchestra. Council requested a review of funding criteria and principles, a description of any legal limitations on cultural arts funding, and information about the potential impact to Arts Capital Investment Program (CIP) funding.

The funding principles include the long-term financial sustainability of the requesting organization, a public purpose in the requester's program, agreeing to a substantial amount of financial oversight by the City, using the funds for facility or programming purposes, and targeting programs for underprivileged, low income and disabled citizens. She noted the application of these principles to past funding requests from Bellevue Arts Museum and KidsQuest Museum.

Ms. Riordan explained that the Bellevue Philharmonic is very different from the funded organizations noted above. The Philharmonic is a smaller organization and does not have a dedicated facility or a substantial program. In addition to meeting the City's funding principles, state law dictates that spending public money for private gain is allowed only to assist the poor and infirm. This requirement is generally applied within the context of cultural arts spending to programming that is specifically targeted towards low-income and disabled persons and making the arts more accessible to them, which satisfies the state constitutional restrictions on spending. She noted that spending for cultural arts activities that benefit the public at large comply with this constitutional principle as well.

Mary Pat Byrne reviewed the impact on Arts CIP funding, noting that the Arts Commission recommended reallocating funds from a project occurring later in the CIP Plan. A memo in Council's desk packet describes the Commission's suggestion that funds be reallocated from one of the following areas: 1) Neighborhood art projects, 2) Bellevue Sculpture Exhibition, 3) Downtown Gateway project, and 4) Bel-Red public art projects. These projects are in the CIP Plan for the years 2013-2015 and have not been funded. If \$35,000 is reallocated to the Bellevue Philharmonic, the Arts Commission will bring its revised work plan to the Council for review in July. The reallocation of \$35,000 could result in one less neighborhood art project, scaling back the sculpture exhibit for one year, or scaling back or delaying either a gateway project or Bel-Red art project.

Ms. Riordan presented staff's recommendation for responding to the Bellevue Philharmonic's request. The orchestra has repeatedly performed at the 4th of July celebration in Downtown Park and has traditionally underwritten a substantial portion of its costs for this event. Staff recommends that the City contract directly with the Bellevue Philharmonic Orchestra for these professional services, which benefit the public at large. The Philharmonic's total costs for the 4th of July concert range from \$40,000-\$50,000, and the Bellevue Downtown Association typically covers \$8,000-\$10,000 of these costs.

Councilmember Noble noted that the Philharmonic needs the funds now. Ms. Riordan said the orchestra has already incurred some costs in preparation for the July 4th event and will continue to incur costs until the day of event. If Council agrees with this approach, staff will set up a process for the orchestra to invoice the City periodically to recover its costs.

Deputy Mayor Balducci expressed support for the proposal. She noted her previous concern about how to fairly consider this emergency proposal within the broader context of competition for cultural arts funding. She supports the contract approach as a straightforward expenditure for services, recognizing that once the City takes this road, there could be an expectation that the Bellevue Philharmonic be paid for July 4th concert services in future years. Ms. Riordan said the Philharmonic has been told that this is considered a one-time arrangement.

Councilmember Lee is comfortable with the contract approach.

Councilmember Chelminiak expressed support for the proposal. He shares Ms. Balducci's concern that this will create an expectation for a similar contract in the future, and is willing to approve the contract at this time due to the unusual economic conditions.

→ Deputy Mayor Balducci moved to direct staff to proceed with negotiating a contract with the Bellevue Philharmonic Orchestra to perform at the 2009 Fourth of July Celebration using funds from the Art Program Capital Investment Program (CIP) Plan.
Councilmember Lee seconded the motion.

Councilmember Bonincontri feels this is a good way to help the Philharmonic during a financial crisis.

Councilmember Noble agrees with the motion, and strongly urges the Bellevue Downtown Association to continue its financial support.

Mayor Degginger stated that events like the 4th of July celebration are a great tradition and special to the community. However, he agrees there should not be an expectation for a similar contract in the future. He noted the Bellevue Jazz Festival coming up over Memorial Day weekend, which offers both performances and educational activities.

- The motion to direct staff to proceed with negotiating a contract with the Bellevue Philharmonic Orchestra to perform at the 2009 Fourth of July Celebration carried by a vote of 7-0.

Councilmember Lee noted the Philharmonic's fundraising concert on May 17th at Bellevue First Presbyterian Church.

(d) King County Metro Bellevue-Redmond RapidRide Project Update

Bernard van de Kamp, Regional Projects Manager, recalled that the King County Metro RapidRide program was approved by voters as part of the 2006 Transit Now ballot measure. RapidRide service will run from Downtown Bellevue, through Crossroads and the Overlake area, to Downtown Redmond. The City has entered into agreements with Metro to improve speed and reliability through traffic signal priority treatments and additional small capital investments.

Victor Obeso, Service Development Manager with King County Metro, reported that Bellevue-Redmond RapidRide service is scheduled to begin in 2011. Passenger facilities include a distinct identity, unique bus shelters and stops, real-time travel information at stops, and expedited fare payment at stations. Routing was finalized in 2008 with Bellevue and Redmond. The average spacing between stops along the corridor is 2300 feet, or just under a half mile. Mr. Obeso reviewed a map of the RapidRide route, as well as the branding designs for buses, passenger facilities, and signage.

Mr. Obeso explained that there are currently 21 bus stops (13 large shelters and 8 small shelters) along NE 8th Street through Bellevue, which are owned and maintained by the City. Metro cleans the shelters and empties the trash receptacles. Mr. Obeso displayed drawings of the proposed new design for bus stops along NE 8th Street. This will provide a unified RapidRide identity throughout the corridor and passenger amenities at stations and stops. Metro will continue to be responsible for the maintenance of the stations and stops.

Mr. Obeso said engineering and design will continue through 2009 and into 2010. Public outreach will be conducted in 2010 to address service proposals and revisions to support RapidRide. The construction of passenger facility improvements will be completed in early 2011, and service is to begin in the fall of 2011.

Councilmember Noble commented that the RapidRide bus design is an improvement over current articulated buses. However, he opined that smaller van-type vehicles would serve the purpose better. Responding to Mr. Noble, Senior Planner Maria Koengeter said the travel time between the Bellevue Transit Center and Downtown Redmond is approximately 35 minutes. Councilmember Noble questioned whether the RapidRide station electronic sign complies with Bellevue's Sign Code. Ms. Koengeter said she will check into that issue.

Responding to Councilmember Davidson, Mr. Obeso said the first RapidRide implementation is the line between Federal Way and Tukwila. Bellevue-Redmond service is the second segment to be implemented as part of the program.

Responding to Mayor Degginger, Mr. van de Kamp explained that the NE 8th Street bus shelters were installed in 1994, and many are in need of repair. There will be an opportunity to reuse some of the shelters, however.

Responding to Councilmember Bonincontri, Mr. Obeso said technology improvements are included in the RapidRide program including new radio systems in buses and the capability for providing real-time travel information. Metro is looking into the feasibility of providing Wi-Fi service in the RapidRide coaches.

Ms. Bonincontri noted her agreement with Councilmember Noble's suggestion that smaller buses would be more appropriate along the Bellevue-Redmond route. Mr. Obeso said the corridor experiences nearly 5,000 riders daily, and ridership will increase as the service is improved. Metro's goal is to increase ridership by 15 percent within the first five years of RapidRide implementation.

Responding to Councilmember Chelminiak, Mr. Obeso said RapidRide buses will have the same fare as other buses. The corridor is currently served by bus routes 253 and 230, and the plan is to incorporate these two routes into RapidRide service and to add service hours to increase the frequency of buses.

Deputy Mayor Balducci noted that the service will connect major employment and residential centers, and she feels the buses will be heavily used. In regards to shelter, she would like to see them offer more protection from the weather. Responding to Ms. Balducci, Mr. Obeso said the new stations/shelters are larger than current shelters and provide enhanced wind and weather protection.

Councilmember Balducci noted the importance of maintenance once electronic signs are incorporated at the RapidRide stations. She stated the re-purposing of existing shelters is an excellent idea.

Responding to Councilmember Lee, Mr. Obeso said 100 buses are planned for the five RapidRide corridors. The Bellevue-Redmond route will have 18 buses. Buses in all five corridors will have the same color scheme which is red and yellow buses with black windows. Federal Way-Tukwila service is to begin in 2010. The Bellevue-Redmond and West Seattle corridors are to begin service in 2011, followed by Ballard-Uptown in 2012 and the Aurora corridor in 2013.

Mayor Degginger said he looks forward to implementation of the RapidRide program, which will bring additional service hours and ridership. The City is working on its traffic signal coordination to assist in enhancing travel times through the corridor.

Responding to Councilmember Noble, Mr. Obeso explained that along the corridor today there are bus stops that are not used. In examining the stops to be retained, staff identified those that are the most highly used along the corridor as well as locations associated with activity centers.

Mayor Degginger thanked staff for the presentation and for bringing the RapidRide bus to City Hall for Councilmembers and staff to tour.

(e) Continuing Discussion of Bel-Red Redevelopment

Planning and Community Development Director Matt Terry explained that tonight's presentation will review the Bel-Red Code amendment package and the Spring District development agreement. Staff would like to schedule Council action on the Code package for May 18. Secondly, staff is seeking Council direction to accept the Wright Runstad Spring District development agreement, in order to initiate environmental review and to schedule the required public hearing for June 8, 2009.

Land Use Director Carol Helland noted the summary of the Bel-Red Code amendment package in the meeting packet, beginning on page 4-24. She noted previous concerns from the Council regarding the list of prohibited building materials [Page 4-104 of meeting packet]. The language has been revised to remove the word 'prohibited' and to indicate that the listed building materials are not recommended unless expressly approved through Design Review. Staff added language that exempts this limitation in the Bel-Red General Commercial (BR-GC) land use district.

Responding to Mayor Degginger, Ms. Helland said the purpose of the Code language is to discourage the use of building materials that are inconsistent with the vision for the Bel-Red corridor. However, an applicant will have the opportunity to submit specific proposals for Design Review.

Responding to Councilmember Bonincontri, Ms. Helland said there are several recommended materials included in the design guidelines that address architectural compatibility. She noted that this approach is similar to what was followed for the Factoria redevelopment plan.

Mayor Degginger questioned whether the prohibition of certain building materials has implications for the goal of providing affordable housing. Ms. Helland said the recommended building materials are not necessarily expensive. The City has worked with applicants in the past to approve specific materials. She noted that the list was requested by some developers who were seeking guidance in this area from the City.

Councilmember Chelminiak expressed support for staff's recommended Code language and approach to building materials.

Moving on, Ms. Helland referred Council to page 4-38 of the meeting packet and the provision in the Code regarding the proportional compliance requirement for existing development. Her memo in Council's desk packet summarizes comments received from Charles Klinge, who requests the addition of language that would exempt all interior building modifications from triggering the proportional compliance requirements. Mr. Klinge feels this would make the Bel-

Red provisions more similar to the Downtown's non-conforming provisions. Ms. Helland said staff recommends maintaining the \$150,000 threshold.

Councilmember Davidson spoke in favor of increasing the threshold as suggested by Mr. Klinge.

Responding to Councilmember Chelminiak, Mr. Terry said the Bel-Red Steering Committee was trying to find the right balance in maintaining the existing industrial and general commercial uses as the area redevelops and transitions to the new mixed-use, office-residential land use model.

Councilmember Chelminiak noted his conversation with Mr. Robertson, who expressed concern that the proposed Code language would mean that if a use changed to a slightly different use, this could trigger required landscaping and parking improvements.

Ms. Helland explained that more types of uses will be permitted in the Bel-Red corridor than those that currently exist, which translates to more options for tenancing the structures. She said the issue is not so much about a change in use, but about whether redevelopment or development is consistent with development standards.

Responding to Councilmember Chelminiak, Ms. Helland said existing uses are allowed to continue for as long as they want to be there. They are allowed to expand on their property and onto adjacent property in some areas.

Responding to Councilmember Chelminiak, Mr. Terry said that redevelopment of the Bel-Red area justifies the placement of two light rail stations (122nd and 130th Avenues). The East Link project includes an initial phase of high-capacity, rubber tire bus service until light rail is functional. This service will run along the 15th/16th Street corridor, if developed by that time, or along a surrogate route. Staff determined that the interim higher level of bus service is supportive of the two transit nodes and their development concepts. If one of the Sound Transit light rail stations is deferred, the City would likely look into some type of higher capacity bus service to serve the deferred node until light rail was implemented.

Councilmember Chelminiak said he is leaning toward more flexibility for current landowners to help them maintain tenants, particularly in light of the current economic climate. However, he acknowledged that there are some differences between the Downtown and the Bel-Red corridor. He suggested perhaps a two-year delay in using interior alterations as the basis for implementing the proportional compliance requirement to provide landscaping and parking improvements.

Councilmember Davidson said the problem for property owners is maintaining tenants. He expressed concern that businesses will be penalized for interior improvements exceeding \$150,000, and that this will trigger higher rental rates for tenants. His concept is if a business maintains the same footprint and use, or changes to a newly allowed use, why should they be penalized by the proportional compliance requirement for exterior property improvements?

Responding to Mayor Degginger, Mr. Terry said he is hearing three potential approaches from the Council: 1) Increase the threshold dollar amount of alterations that triggers the proportional

compliance requirement, 2) Exempt interior alterations/tenant improvements from triggering the requirement, or 3) Delay applying the requirement to interior alterations for a specific time period.

Mayor Degginger said he feels the threshold trigger of \$150,000 should be increased.

Ms. Helland referred to a Code provision [Page 4-58 of meeting packet] applicable to any existing development that allows permitted retail, service, and recreation uses to occupy any part of the existing development, as long as no individual use exceeds 10,000 square feet. Similarly, in any new residential building, all permitted uses may occupy the ground floor with no limit on the combined square footage, as long as each use does not exceed 10,000 square feet. Ms. Helland suggested, as another alternative, exempting these cases from the proportional compliance requirement.

Deputy Mayor Balducci commented that such an approach would be an effective way to encourage desired uses.

Councilmember Lee commented on the challenge in addressing this complex issue. He favors as much flexibility as feasible for property owners.

Councilmember Bonincontri spoke in favor of delaying the proportional compliance requirement based on interior alterations for three years, in order to provide greater flexibility for property owners and businesses to get through the economic downturn.

Councilmember Chelminiak is agreeable to delaying the requirement for interior improvements for two to three years. As a general comment, he opined that it does not necessarily make sense to require landscaping and parking improvements for a business if its neighbor is an existing industrial use, such as a cement plant. However, how and at what point could the City trigger the requirement for improvements if not based on a threshold dollar amount related to alterations?

→ Councilmember Davidson moved to amend proposed Code section 20.25D.060 by adding a new exemption from the proportional compliance requirement for alterations of the interior building, including tenant improvements, that do not expand the building footprint. Councilmember Lee seconded the motion.

Councilmember Chelminiak feels the motion goes too far, and he prefers to consider other options.

Deputy Mayor Balducci spoke in favor of implementing an exemption for a specific time period.

Mr. Sarkozy suggested that staff review the issue further and bring back alternative language for Council's consideration.

Councilmember Davidson withdrew his motion, pending further study and discussion with staff, and Mr. Lee concurred.

Moving on, Ms. Helland briefly highlighted Sign Code, Noise Code, and general Land Use Code amendments for the Bel-Red Subarea.

Deputy Mayor Balducci referenced page 4-107 of the meeting packet and expressed concern with language regarding the 15th/16th Street transit boulevard. She wants to be sure the language does not commit the City to the width of the boulevard that has been discussed in previous proposals. Citing a sentence indicating that the boulevard includes vehicular, light rail, and non-motorized travel modes, Ms. Balducci suggested revising the language to read may include.

Mr. Terry said staff can change the wording if desired. He clarified that staff's intention is to come back with design alternatives for the 15th/16th corridor and to seek Council direction regarding key elements. He assured the Council that the proposed Code language does not impose any specific commitments at this time.

Responding to Councilmember Bonincontri, Ms. Helland said the limit of 10,000 square feet for retail and service uses in residential/mixed use developments is intended to encourage neighborhood-focused uses. A limit of 3,000 square feet was originally considered. The 10,000 square feet parameter is roughly equivalent to the size of a Trader Joe's store. Ms. Helland noted there is no size limitation on the combined square footage of multiple uses in a residential development.

Mr. Terry moved to discuss the Wright Runstad (Spring District) development agreement.

Mayor Degginger noted public comment during Oral Communications regarding catalyst projects, and the suggestion to add utilities substations to the list of developer-funded infrastructure. Mr. Terry said the purpose of the catalyst project incentive is to encourage mixed use development in the nodes earlier than might otherwise occur. Staff is not convinced that a substation in a transit development node is consistent with this goal, given that a substation would serve development outside the boundaries of the City of Bellevue. Mr. Terry clarified that the proposal is to locate a substation in the node at 156th Avenue, which would serve the immediate vicinity but primarily serve the Overlake area and the Microsoft campus. This does not necessarily advance the redevelopment objectives of the Bel-Red Plan.

Responding to Councilmember Lee, Mr. Terry agreed that locating a substation could discourage the type of redevelopment the community would like to see in the Bel-Red corridor.

Matt Terry reviewed the catalyst project concepts and development agreement, which are consistent with the key terms outlined with the Council on May 4. He explained that Wright Runstad proposes a long-term development plan that will occur over 15 or more years. They are willing to make significant initial capital investments in public facilities, and need certainty that they can amortize these investments over a reasonable timeframe.

Mr. Terry referred the Council to page 3 of the draft development agreement, which states that the land use regulations upon which the agreement is based are vested until a Master

Development Plan is submitted and approved by the City. This assures Wright Runstad that the land use regulations will not change while they work on their MDP over a two to three year period. If and when the City approves the MDP, the vesting period for the plan is 15 years. An additional provision acknowledges that at some point the City might choose to update development standards or design guidelines for the Bel-Red Subarea. The development agreement states that once light rail service is implemented, the City will apply any new development standards to future development applications that occur beyond that point in time, even if within the 15-year vesting period [Page 4 of development agreement].

Responding to Councilmember Davidson, Deputy City Attorney Kate Berens said in addition to the land use vesting regulations, there is also a transportation concurrency (traffic generation) vesting concept in the development agreement. The agreement states that full concurrency buildout will not be required initially with initiation of the Spring District Master Development Plan. However, each development phase will be required to pass concurrency at the time of permit application. Once a phase completes concurrency review it can be vested for a minimum of five years, and the vesting period may be extended as long as there continues to be an active permit for that development phase. There is an additional provision imposing a cap of one million square feet of commercial development that can be vested at one time.

Mr. Terry next spoke to the residential development concepts within the development agreement, which propose setting aside a 5.8-acre parcel within the total 36 acres for residential use. There is a minimum development intensity of 784,000 square feet, which translates to a 3.1 floor-area ratio (FAR) for residential development. If Wright Runstad continues to own the property throughout the development of the area, it would be required at the time that Sound Transit service becomes operational in the area to either have met the proportional requirement or to achieve it before any further office development can take place. If Wright Runstad sells the property, it would have to be sold at least three years before Sound Transit service becomes operational, in order for the buyer to have time to design and permit a residential project.

Responding to Dr. Davidson, Mr. Terry said the terms for the Spring District catalyst project do not modify traditional transportation impact fees, but they do modify incentive zoning in lieu fees. He clarified that the purpose of the development agreement is to be able to tailor modifications to Tier 1 incentives based on the extent of public investment contemplated by the project. The Wright Runstad development represents a high level of public investment and therefore a high level of development relief.

- (f) Resolution No. 7926 authorizing execution of the Agreement of Purchase and Sale and Joint Escrow Instructions with Safeway, Inc., for the purchase of real property, known as the Safeway Mid-Mountain Property (King County Parcel Nos. 2825059240, 2825059011, and 2825059180) located at 1401 130th Avenue NE, Bellevue, WA, for the purchase price of \$6,300,000, plus closing costs; authorizing execution of the Site Access Agreement to allow the City to conduct investigations of the Property; and authorizing all steps necessary to close the purchase of the Property, subject to the removal of all contingencies.

Civic Services Director Nora Johnson provided an overview of Resolution No. 7926, which authorizes the execution of the Agreement of Purchase and Sale and Joint Escrow Instructions with Safeway, Inc., for the purchase of real property, known as the Safeway Mid-Mountain Property (King County Parcel Nos. 2825059240, 2825059011, and 2825059180) located at 1401 130th Avenue NE, Bellevue, WA, for the purchase price of \$6,300,000, plus closing costs. The three parcels represent approximately 8.14 acres. The property acquisition provides the opportunity to achieve critical objectives for the Bel-Red Subarea Plan in the areas of transportation, parks and open space, and stream restoration.

Ms. Johnson responded to brief questions of clarification.

Ms. Berens briefly reviewed the terms of the purchase and sale agreement. Ms. Johnson explained that funding sources include parks acquisition Capital Investment Program (CIP) monies, Tier 1 bonus and stream restoration proceeds, the King County transfer of development rights (TDR) payment, reimbursement from Sound Transit, and grants.

Responding to Councilmember Lee, Mr. Sarkozy acknowledged the challenge in funding the acquisition. However, this is a critical action for moving forward with the Bel-Red Subarea Plan.

→ Deputy Mayor Balducci moved to approve Resolution No. 7926 authorizing execution of the Agreement of Purchase and Sale and Joint Escrow Instructions with Safeway, Inc., for the purchase of real property. Councilmember Chelminiak seconded the motion.

Deputy Mayor Balducci expressed support for this key acquisition which along with the development agreement just discussed represents important and exciting steps for the Bel-Red Plan.

→ The motion to approve Resolution No. 7926 carried by a vote of 7-0.

At 10:00 p.m., Mayor Degginger declared the meeting adjourned.

Myrna L. Basich
City Clerk

kaw